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CONFUSION IS THE KEY: A TRADEMARK LAW ANALYSIS OF KEYWORD BANNER ADVERTISING

*Kurt M. Saunders**

*"Thought is a key to all treasures"*¹

ABSTRACT

Keyword banner advertising is a form of targeted online marketing practice whereby a banner ad is displayed on a search engine results page. The banner ad is triggered by the keyword used in the search. Many search engines sell trademarks as keywords as well, allowing competitors to purchase them as keywords for the purpose of displaying their own advertising. Some have argued that this practice should lead to liability for trademark infringement or dilution. Given the realities of online marketing and the underlying policies of trademark law, this is unlikely. Rather, this practice should be regarded as trademark fair use and treated as a form of lawful comparative advertising.

INTRODUCTION

Every advance in communications technology has brought new opportunities for marketing. Whether it was the invention of the printing press, telephone, radio, or television, advertisers have been able to make use of each new medium to deliver information about their products and services to consumers. The diffusion of information technology and access to the Internet has been accompanied by such online marketing strategies as "pop-up" advertisements and spam e-mail. Another widely used online marketing tool is banner advertising, "which appear[s] at the top of many commercial websites, [and] allow[s] the user to click on the ad

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1. Honoré De Balzac, *The Magic Skin* (Ellen Marriage trans., 1998), *available at* http://encyclopediaofthefself.com/classic_books_online/mgcsk10.htm.

and be transported directly to the home page of the advertiser, or to other relevant content regarding an offer.”²

It was not long before banner advertising was further refined by uniting it with search engine technology.³ Search engines—such as Google, Yahoo!, or Altavista—allow a user to type in one or more search terms, or “keywords,” that trigger the search program instantaneously to search the Internet for websites in which the search term appears in the programming code.⁴ The search engine then compiles a list of websites that contain the user’s keywords⁵ and posts them in a list of search results.⁶ Targeted advertising is more profitable since advertisers are willing to pay more for each ad, knowing that it will be displayed to those consumers who are already interested in the product or service they sell.⁷ Like most commercial websites, search engines sell advertising space on their web pages,

2. Kurt M. Saunders, *Practical Internet Law for Business* 60 (2001). Keyword banner advertising is an essential advertising method on the Internet. The success of banner advertising is largely measured by the click-through rate—the percentage of users who have viewed an ad after having clicked on it. See Ralph F. Wilson, *Using Banner Ads to Promote Your Website*, *Web Marketing Today*, July 1, 2000, at <http://www.wilsonweb.com/articles/bannerad.htm>.

3. For news about search engines, information about how search engines operate, and tests and statistics as to how well search engines work, see Search Engine Watch, at <http://www.searchenginewatch.com> (last visited October 15, 2002).

4. See *Sporty’s Farm L.L.C. v. Sportsman’s Mkt., Inc.*, 202 F.3d 489, 493 (2d Cir. 2000) (“The most common method of locating an unknown domain name is simply to type in the company name or logo with the suffix .com. If this proves unsuccessful, then Internet users turn to a device called a search engine.”).

5. One court has explained this process as follows:

When a keyword is entered [into a search engine], the search engine processes it through a self-created index of web sites to generate a (sometimes long) list relating to the entered keyword. Each search engine uses its own algorithm to arrange indexed materials in sequence, so the list of web sites that any particular set of keywords will bring up may differ depending on the search engine used.

Brookfield Communications, Inc. v. West Coast Entm’t Corp., 174 F.3d 1036, 1045 (9th Cir. 1999) (citations omitted).

Other factors also figure into the relevance formulas, including the title of the web page, the number of visitors who come to the web page, the number of other web pages that link to the web page, and whether the search term appears in the address (or URL) of the web page. Some search engines also include additional factors, such as whether a particular site or group of sites has caught the attention of some member of the search engine company and deserves a higher ranking, or whether the website designer paid the search engine company to appear higher in the rankings.

6. See F. Gregory Lastowka, Note, *Search Engines, HTML, and Trademarks: What’s the Meta For?*, 86 Va. L. Rev. 835, 849 (2000) (“Most search engines attempt to rank sites by relevance, but the formula for determining relevance varies by search engine. Relevance is primarily determined by the number of times a given search term appears on a Web page.”).

7. Targeted ads obtain higher click-through rates than random ads. See Wilson, *supra* note 2 (“For example, you’d expect an ad for Wilson Tennis Racquets to get a higher [click-through rate] on a tennis site than on a general sports site. A . . . general site such as MSNBC would get an even lower [click-through rate].”).

particularly on pages that list search results.⁸ These banner ads are displayed at the top of the screen above the search results.⁹ Most Internet search engine sites have begun to sell “keyword banner advertisements.” Typically, a search engine displays an advertiser’s banner ads in random rotation on web pages containing the search results. For an additional fee, however, the search engine can be programmed to display an advertiser’s banner ads whenever a user types in one of a series of designated terms in his search.¹⁰ This allows the advertiser to target its ads to reach a more receptive audience and thereby maximize the effectiveness of its online advertising.¹¹ For instance, Goodyear’s banner ad can be triggered when a user performs a search using the keyword “tires” as a query term.

Keyword advertising is now a staple for search engine sites, generating a considerable portion of their revenue and allowing them to continue providing their services for free.¹² Some advertisers, however, have taken this opportunity a step further. They have purchased their competitors’ trademarks as keywords so that their banner ads appear on the page displaying results from a search that used another’s trademark as the query term. For example, suppose that Goodyear, in addition to buying such keywords as “tires” and “car,” also bought the trademarks GOODRICH or FIRESTONE as keywords. When a user conducts a search using “Goodrich” as a keyword, Goodyear’s banner ad will appear at the top of the search results page. The reasoning here is that the user might be tempted to click on the banner ad and be persuaded to purchase tires from Goodyear rather than Goodrich. Of course, this practice may in fact benefit consumers as it allows them to learn of more choices related to their search query and learn more about alternative products. In turn, it may also stimulate further competition among sellers, resulting in lower prices and improved quality.¹³

8. See Greg Miller & Davan Maharaj, *Banner Ads on the Web Spark a Trademark Battle*, L.A. Times, Feb. 11, 1999, at A1. Search engines sell advertising by per impression or per click. Per impression advertising involves paying the website owner or search engine for each time that a user views the banner ad. Per-click advertising, which is more expensive, involves paying the website owner or search engine for every user who clicks on the banner ad and then views the advertiser’s site. Wilson, *supra* note 2.

9. See Robbin Zeff & Brad Aronson, *Advertising on the Internet* 11 (2d ed. 1999).

10. Typically, search engines sell keywords to advertisers at a much higher rate than non-targeted banner advertising. See Miller & Maharaj, *supra* note 8, at A1 (noting that the average price for a keyword advertisement is about forty dollars for every one thousand times the ad is displayed, whereas non-targeted advertisements are only about twenty-five dollars for every one thousand displays).

11. See *id.*

12. See *id.*

13. The effectiveness of this advertising strategy lies in the fact that an advertiser knows that if a consumer enters a competitor’s trademark as a keyword, the consumer is guaranteed to be already interested in that type of product or service. See Pui-Wing

Nevertheless, some sellers have challenged this marketing strategy as a threat to their trademark rights and goodwill.¹⁴ Whether this practice is a benefit to consumers and competition or a new form of trademark rights violation is just one in a line of unique legal issues emerging from the new marketplace of electronic commerce.¹⁵ As the courts have pondered the applicability of traditional principles of trademark law in the context of the Internet, it is easy to confound sound legal reasoning and public policy with a misunderstanding of the technology that gives rise to the dispute. This Article examines the use of trademarks as keywords for banner advertising and trademark law issues that it has generated. After a brief overview of basic trademark law analytical concepts,¹⁶ we consider the litigation that has challenged this marketing practice in light of fundamental trademark law doctrine and then suggest an analysis for courts to follow in resolving these issues.¹⁷ Ultimately, this Article concludes that keyword banner advertising is not and should not be actionable as a trademark rights violation.¹⁸ Indeed, keyword banner advertising facilitates consumer choice and promotes competition.

I. TRADEMARK LAW AS AN ANALYTICAL FRAMEWORK

A trademark is "any word, name, symbol, or device, or any combination thereof... used... to identify and distinguish... goods... from those manufactured or sold by others and to indicate the source of the goods."¹⁹ Thus, a trademark serves as an indicator of source for consumers, allowing them to associate the product with its manufacturer.²⁰ In addition, a trademark may serve as an indicator of

Tam, *Mutual Funds' Web Ads Turn Sneaky—Some U.S. Firms Buy Rights to Keywords Including Rivals' Names*, Asian Wall St. J., Sept. 1, 1999, at 16 (explaining that investment fund companies buy competitors' trademarks as keywords because "the ads are in front of someone who [advertisers] know is interested in investing" (internal quotation marks omitted)). Moreover, buying a competitor's trademark as a keyword can be particularly effective if the advertiser has little brand awareness among consumers, since the ads for the little-known advertiser can appear when the user enters a famous trademark as a search term. Wes Hills, *Lexis in Court on Net Site*, Dayton Daily News, Apr. 1, 1999, at 5B (discussing the lawsuit by Lexis-Nexis against AltaVista and Corporate Intelligence Corporation), available at 1999 WL 3958922.

14. See Mark Frauenfelder, *Psst! Want to Buy a Keyword?*, The Industry Standard, Mar. 29, 1999 (discussing the lawsuit by Playboy against Netscape and Excite and the lawsuit by Estee Lauder against Excite, Webcrawler, and Fragrance Counter), available at <http://www.thestandard.com/article/0,1902,3871,00.html>; see also Hills, *supra* note 13.

15. See Penelope Patsuris, *Invasion of the Trademark Snatchers*, Forbes (Mar. 12, 1999), available at <http://www.forbes.com/1999/03/12/feat.html>.

16. See *infra* notes 19-57 and accompanying text.

17. See *infra* notes 58-151 and accompanying text.

18. See *infra* notes 152-217 and accompanying text.

19. 15 U.S.C. § 1127 (2000).

20. At least one scholar has suggested that trademarks serve not only as source identifiers, but also as part of the good or service itself. See Alex Kozinski,

quality, allowing consumers to associate the mark with a product's superiority or inferiority to competing products.²¹ Trademarks can also signify sponsorship or authorization by the trademark owner.²²

Trademarks are classified in the order of their increasing distinctiveness: generic, descriptive, suggestive, arbitrary, and fanciful.²³ The more distinctive the mark, the greater the protection afforded by law.²⁴ When a mark is not inherently distinctive, it may nevertheless be protected if it has acquired distinctiveness, also known as "secondary meaning."²⁵ To determine if a primarily descriptive mark has acquired secondary meaning, the courts consider the length and manner of use; nature and extent of advertising and promotion; efforts made to promote conscious connection in the public's mind between the trademark and the business; and extent to which the public actually identifies the mark and the product or service, as measured by consumer surveys.²⁶ If a preponderance of these factors has led consumers to associate the mark with the product, then it has acquired secondary meaning.²⁷

The Lanham Trademark Act²⁸ provides federal protection²⁹ to both registered³⁰ and unregistered trademarks³¹ used in interstate commerce.³² The Lanham Act prohibits infringement and dilution,³³

Trademarks Unplugged, 68 N.Y.U. L. Rev. 960, 972-73 (1993).

21. As such, they lower the costs of consumer searching by providing a reliable signal of product quality. For an economic analysis of trademark protection, see William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J. L. & Econ. 265 (1987).

22. See 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 3:4 (4th ed. 2001) ("For example, the name or logo of a university on clothing can signify that the university authorizes, endorses and licenses the sale of such wearing apparel by the manufacturer.").

23. See 2 *id.* § 11:2; see also *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir. 1976).

24. See G. Peter Albert Jr., *Intellectual Property Law in Cyberspace* 47 (1999).

25. See 2 McCarthy, *supra* note 22, § 11:2-28; see also Restatement (Third) of Unfair Competition §§ 13-17 (1995).

26. See Albert, *supra* note 24, at 54.

27. See also *Zatarains, Inc. v. Oak Grove Smokehouse, Inc.*, 698 F.2d 786 (5th Cir. 1983) ("The concept of secondary meaning recognizes that words with an ordinary and primary meaning of their own may by long use with a particular product, come to be known by the public as specifically designating that product." (internal quotation marks omitted)); Cf. 15 U.S.C. § 1052(f) (2000).

28. 15 U.S.C. §§ 1051-1127 (2000).

29. Though most states provide for their own registration of trademarks, state registration is not an effective form of protection because trademarks used on the Internet are transmitted through interstate and international commerce. Federal registration of a trademark creates a presumption of validity, ownership, and the right to use the mark, and allows the owner to prevent importation of products into the United States that may infringe the mark.

30. 15 U.S.C. § 1114 (2000).

31. *Id.* § 1125(a)(1).

32. See *id.* §§ 1051-1127.

33. See Federal Trademark Dilution Act of 1995, Lanham Act § 43, 15 U.S.C. § 1125.

allowing trademark owners to obtain injunctions,³⁴ and in some cases monetary damages,³⁵ for the improper use of their marks.³⁶ Trademark rights are tied to geographic location.³⁷ The actual and possible geographic market for the product or service, and the extent of advertising, may limit claims for the improper use of the mark,³⁸ and the same mark may be separately owned in different countries.³⁹

A. *Trademark Infringement and Unfair Competition*

Pursuant to section 32 of the Lanham Act, a party will be liable for infringement of a federally registered trademark if that party uses "in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive."⁴⁰ To establish a trademark infringement claim under the Lanham Act, the plaintiff must demonstrate that the defendant is using a mark confusingly similar to the plaintiff's own mark.⁴¹ In order to prevail in such a claim, the plaintiff must show that there exists a likelihood that an appreciable

34. 15 U.S.C. § 1116(a).

35. *Id.* § 1117.

36. *Id.* § 1125(a)(1) & (c).

37. See Donald S. Chisum & Michael A. Jacobs, World Intellectual Property Guidebook § 5E[2][a]-[b].

38. See *id.* § 5E[2][c]-[d].

39. See Albert, *supra* note 24, at 41.

40. 15 U.S.C. § 1114(1)(a).

41. Section 32(1) of the Lanham Act applies to federally registered marks and provides that,

Any person who shall, without the consent of the registrant (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.

Id. § 1114(1). See also *Rodeo Collection, Ltd. v. West Seventh*, 812 F.2d 1215, 1217 (9th Cir. 1987). The same standard is set forth in section 43(a)(1) of the Lanham Act. This section applies to both registered and unregistered marks in unfair competition claims, a subject not covered in this article.

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

Id. § 1125(a)(1).

number of ordinarily prudent purchasers are likely to be confused as to the source or sponsorship of the goods or services in question.⁴² The test for determining likelihood of confusion involves a weighing of factors, including the following: (1) the strength of the plaintiff's mark; (2) the degree of similarity between plaintiff's and defendant's marks; (3) the proximity of the products; (4) the likelihood that plaintiff will bridge the gap; (5) actual confusion; (6) defendant's good faith in adopting the mark; (7) the quality of defendant's product; and (8) the sophistication of the buyers.⁴³

In *Playboy Enterprises, Inc. v. Frena*,⁴⁴ for instance, Playboy sued Frena, an operator of an electronic bulletin board service, where subscribers often uploaded and downloaded copies of Playboy photographs for exchange. Playboy's registered PLAYBOY and PLAYMATE trademarks appeared on many of the images. Playboy brought an action against Frena for trademark infringement. Although Frena claimed that he could not regulate what his subscribers placed on the bulletin board, the court held that this amounted to infringement: "It is likely that customers of Defendant Frena would believe that [Playboy] was the source of Defendant Frena's images and that [Playboy] either sponsored, endorsed or approved [his] use of [the] images."⁴⁵

Section 43(a) of the Lanham Act also protects unregistered trademarks from infringement. This section imposes liability for unfair competition when a party "uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact," that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person."⁴⁶

42. See *E. & J. Gallo Winery v. Gallo Cattle Co.*, 967 F.2d 1280, 1290 (9th Cir. 1992).

43. See *AMF, Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979); *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961); *In re E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1361 (C.C.P.A. 1973).

44. 839 F. Supp. 1552 (M.D. Fla. 1993).

45. *Id.* at 1561.

46. 15 U.S.C. § 1125(a)(1) (2000). The tests for infringing registered and unregistered marks are substantially the same. See *Ross Bicycles, Inc. v. Cycles USA, Inc.*, 765 F.2d 1502, 1503-04 (11th Cir. 1985) (stating that in a claim for unfair competition under section 43(a), the relevant factors "are identical to the factors relevant to establishing a likelihood of confusion with respect to trademark infringement under 15 U.S.C. § 1114").

B. Trademark Dilution

In addition to a trademark infringement claim, a plaintiff may bring an action for trademark dilution. Under the Federal Trademark Dilution Act,⁴⁷ dilution refers to the decreased capacity of a famous mark⁴⁸ to identify and distinguish goods or services, regardless of competition between the parties or likelihood of confusion.⁴⁹ Dilution usually takes the form of “blurring” or “tarnishment.”⁵⁰ Blurring occurs where consumers mistakenly associate the famous mark with goods and services of another’s mark, thereby weakening the power of the famous mark owner to identify and distinguish its goods and services.⁵¹ Examples of blurring include “DuPont” shoes, “Buick” aspirin, and “Kodak” pianos.

By contrast, tarnishment occurs “where an accused, junior mark is used on unwholesome or inferior goods or services that may [degrade or] create a negative association with the goods or services protected by the famous mark.”⁵² For instance, the use of the famous trademark CANDYLAND, a name for a popular children’s board game, was tarnished by the use of the trademark for “candyland.com” as a domain name for a website featuring adult pornography.⁵³ Irrespective of whether dilution is alleged by blurring or tarnishment, the court must determine whether a famous mark is being used in a way that diminishes its distinctiveness or reputation in the minds of consumers, rather than focusing on whether marks of competing substitutes are confusingly similar.⁵⁴

To prove a claim for dilution, the plaintiff must demonstrate that

47. 15 U.S.C. § 1127.

48. In determining whether a mark is “famous,” a court may consider factors such as: the degree of inherent or acquired distinctiveness of the mark; the duration and extent of use of the mark in connection with the goods or services with which the mark is used; the duration and extent of advertising and publicity of the mark; the geographical extent of the trading area in which the mark is used; the channels of trade for the goods or services with which the mark is used; the degree of recognition of the mark in the trading areas and channels of trade used by the mark’s owner and the person against whom the injunction is sought; the nature and extent of use of the same or similar marks by third parties; and whether the mark was federally registered. *See id.* § 1125(c).

49. The Lanham Act defines dilution as “the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception.” *Id.* § 1127.

50. *See* 4 McCarthy, *supra* note 22, at § 24:67.

51. *See* Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 955 F. Supp. 605, 616 (E.D. Va. 1997).

52. *See id.* at 614; *see also* Panavision Int’l, L.P. v. Toeppen, 141 F.3d 1316, 1326 n.7 (9th Cir. 1998) (stating that tarnishment involves “improperly associat[ing]” a plaintiff’s famous mark “with an inferior or offensive product or service”).

53. *See* Hasbro, Inc. v. Internet Entm’t Group, Ltd., 40 U.S.P.Q.2d 1479, 1480 (W.D. Wash. 1996).

54. *See* 4 McCarthy, *supra* note 22, § 24:70.

(1) its mark is famous; (2) defendant has made a commercial use of the mark in commerce; (3) defendant's use began after the mark became famous; and (4) defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.⁵⁵ The owner of a famous mark is entitled to an injunction against another person's commercial use of the mark if that "use begins after the mark has become famous and causes dilution of the distinctive quality of the mark."⁵⁶ Monetary damages may also be available if that person willfully intended to trade on the owner's reputation or to cause dilution of the famous mark.⁵⁷

C. Initial Interest Confusion as a Basis for Trademark Infringement on the Internet

In most instances of trademark infringement, the likelihood of confusion occurs at the time of purchase.⁵⁸ The doctrine of initial interest confusion, however, posits that trademark infringement results when a consumer has been confused prior to purchase.⁵⁹ A consumer may be confused at the initial point of his or her search for the trademark owner's product or service as a result of the defendant's misuse of the trademark. The concern behind the doctrine of initial interest confusion is that consumers will be misled into taking an initial interest in the product or service of a firm that is using another firm's trademark or one confusingly similar to it.⁶⁰ The courts have held that there is a likelihood of confusion even if it is later corrected by examination prior to purchase and even if no sale is made as a result of the confusion.⁶¹

The Internet has been a fertile ground for trademark litigation, and initial interest confusion has been the basis of several decisions involving online trademark infringement. Domain names that incorporated or were confusingly similar to another's trademark were the first fountainhead of litigation. This practice, known as "cybersquatting,"⁶² resulted in initial interest confusion when the consumer typed a domain name into his or her browser expecting to find the plaintiff's website but was instead directed to the defendant's

55. See *Panavision*, 141 F.3d at 1324.

56. 15 U.S.C. § 1125(c) (2000).

57. *Id.*

58. See 3 McCarthy, *supra* note 22, at § 23:5 (discussing and referring to this as "point of sale confusion").

59. See 3 *id.* § 23:6.

60. See 3 *id.*

61. See 3 *id.*

62. See *Wash. Speakers Bureau, Inc. v. Leading Auth., Inc.*, 49 F. Supp. 2d 496, 498 (E.D. Va. 1999) (describing cybersquatting as using "[domain name] registration as a club to extort payment . . . [and constituting continuing] infringement"); see also *Intermatic, Inc. v. Toeppen*, 947 F. Supp. 1227, 1233-34 (N.D. Ill. 1996).

website. In adjudicating those cases, the courts applied fundamental principles of trademark law to find infringement and dilution.⁶³ As an additional federal remedy for cybersquatting, Congress enacted the Anticybersquatting Consumer Protection Act ("ACPA").⁶⁴ The ACPA creates a cause of action against any person who registers, traffics in, or uses another's mark as a domain name with bad faith intent to profit from that mark.⁶⁵

Metatagging proved to be another front in online trademark disputes.⁶⁶ HyperText Markup Language ("HTML"), which is the principal programming language used to create websites for display by an Internet browser, is not visible to the viewer; rather, the text and graphical images, and the manner in which they have been arranged by the code, is what appears when a web page is displayed.⁶⁷ Metatags are used to designate words that are written in HTML and identifiable to search engines.⁶⁸ Search engines index certain selected key terms appearing in the HTML version of the website document and use the first words found in the document as an abstract to list and direct a consumer to the sites considered relevant.⁶⁹ Thus, the website creator can use metatags to control how the search engine will index the site by including additional keywords to index as well as a brief description.⁷⁰ If a firm listed a competitor's trademark in the metatags for its website, the firm might be able to divert consumers to its site at the expense of its competitor.⁷¹

The Court of Appeals for the Ninth Circuit applied the doctrine of

63. See *Panavision Int'l, L.P. v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998).

64. 15 U.S.C. § 1125(d)(1)(A) (2000).

65. See *id.* The ACPA further states that "a court may order the forfeiture or cancellation of the domain name or the transfer of the domain name to the owner of the mark," and provides that damages can be awarded for violations of the Act. *Id.* at § 1125(d)(1)(C). For cases applying the ACPA, see *Virtual Works, Inc. v. Volkswagen of Am., Inc.*, 238 F.3d 264, 269-70 (4th Cir. 2001) (holding that the defendant had an ulterior purpose in selecting the domain name because it foresaw the ability to profit from the natural similarity to plaintiff's mark and threatened to auction the site to the highest bidder if plaintiff did not elect to purchase it); *Sporty's Farm L.L.C. v. Sportsman's Market, Inc.*, 202 F.3d 489, 493-94 (2d Cir. 2000) (court observed that defendant had decided to enter into competition with the plaintiff, and that it then registered a domain name that contained what it knew to be plaintiff's mark).

66. For a collection of information and links on metatag cases, see Danny Sullivan, *Meta Tag Lawsuits*, at <http://searchenginewatch.com/resources/metasuits.html> (last visited Oct. 15, 2002).

67. See Saunders, *supra* note 2, at 55.

68. See David J. Loundy, *Hidden Code Sparks High-Profile Lawsuit*, Chi. Daily L. Bull., Sept. 11, 1997, at 6.

69. See *id.*

70. See Saunders, *supra* note 2, at 57.

71. See Rachel Jane Posner, Note, *Manipulative Metatagging, Search Engine Baiting, and Initial Interest Confusion*, 33 Colum. J.L. & Soc. Probs. 439, 453-63 (2000); see also Meeka Jun, *Meta Tags: The Case of the Invisible Infringer*, 218 N.Y. L.J., Oct. 24, 1997, at 5.

initial interest confusion to metatagging in the case of *Brookfield Communications, Inc. v. West Coast Entertainment Corp.*⁷² Brookfield gathered and sold information about the entertainment industry using the federally registered mark, MOVIEBUFF, for its software.⁷³ Brookfield discovered that West Coast, one of the nation's largest video rental store chains, intended to launch its new website as moviebuff.com.⁷⁴ West Coast's site was to contain a searchable entertainment base similar to Brookfield's and would use the MOVIEBUFF term in its metatags and domain name.⁷⁵ Brookfield sued and later obtained a preliminary injunction against West Coast.⁷⁶

On appeal, the Ninth Circuit affirmed the order enjoining West Coast from using or facilitating the use in any manner, including advertising promotion, the mark MOVIEBUFF or any other term or terms likely to cause confusion, including moviebuff.com.⁷⁷ Although West Coast had registered moviebuff.com with domain name registrar Network Solutions before Brookfield had filed for its trademark registration, when a user entered the term MOVIEBUFF into a search engine, the search results included the website for West Coast along with the website for Brookfield.⁷⁸ Thus, the court found that using Brookfield's trademark in the metatags of the West Coast website was likely to result in initial interest confusion,⁷⁹ and explained how this confusion might arise using the following metaphor:

Using another's trademark in one's meta tags is much like posting a sign with another's trademark in front of one's store. Suppose West Coast's competitor (let's call it "Blockbuster") puts up a billboard on a highway reading—"West Coast Video: 2 miles ahead at Exit 7"—where West Coast is really located at Exit 8 but Blockbuster is located at Exit 7. Customers looking for West Coast's store will pull off at Exit 7 and drive around looking for it. Unable to locate West Coast, but seeing the Blockbuster store right by the highway entrance, they may simply rent there. Even consumers who prefer West Coast may find it not worth the trouble to continue searching for West Coast since there is a Blockbuster right there.⁸⁰

The court elaborated that when the search results were displayed by the search engine, the list would include both the Brookfield and West Coast websites, and that the West Coast website would be indicated

72. 174 F.3d 1036 (9th Cir. 1999).

73. *Id.* at 1041.

74. *Id.* at 1042.

75. *Id.*

76. *See id.*

77. *Id.* at 1043-44.

78. *See id.* at 1062.

79. *Id.*

80. *Id.* at 1064.

by the domain name "westcoastvideo.com."⁸¹ Although users would be able to find the particular website they were seeking, and consumers would not be confused that Brookfield and West Coast were the same company, or that Brookfield somehow sponsored West Coast's website, there was confusion because West Coast was intentionally diverting people to its website and benefiting from the goodwill of Brookfield's trademark.⁸² The court added, however, that if a website had merely referred to Brookfield's products or compared its goods to a competitor's, the website's inclusion of the competitor's trademark in its metatags would constitute fair use of the MOVIEBUFF trademark.⁸³

Trademark suits involving metatagging have continued to appear on court dockets,⁸⁴ even as some commentators continue to debate the merits of the initial interest confusion analysis in such actions.⁸⁵ As the court in *Brookfield* suggested, a firm may fairly use a competitor's mark without facing liability if it is used not as a trademark, but instead to describe in good faith one's goods or services.⁸⁶ Fair use permits businesses to use a protected mark to describe aspects of their own goods.⁸⁷ Additionally, the Act permits use of another's famous mark in comparative advertising to identify the competing goods or

81. *Id.* at 1062.

82. *Id.*

83. *See id.* at 1065. The court also noted that West Coast could also use the term MOVIE BUFF in its metatags, as long as it contained a space, since this is a descriptive term that means "motion picture enthusiast." *Id.* at 1066.

84. *See, e.g.,* Trans Union L.L.C. v. Credit Research, Inc., 142 F. Supp. 2d 1029 (N.D. Ill. 2001); Bihari v. Gross, 119 F. Supp. 2d 309 (S.D.N.Y. 2000); N.Y. State Soc'y of Certified Public Accountants v. Eric Louis Assocs., 79 F. Supp. 2d 331 (S.D.N.Y. 1999); SNA, Inc. v. Array, 51 F. Supp. 2d 554 (E.D. Pa. 1999).

85. *See, e.g.,* Veronica Tucci, *The Case of the Invisible Infringer: Metatags, Trademark Infringement and False Designation of Origin*, 5 J. Tech. L. & Pol'y 2 (2000); Yelena Dunaevsky, Comment, *Don't Confuse Metatags with Initial Interest Confusion*, 29 Fordham Urb. L.J. 1349 (2002).

86. *See Brookfield*, 174 F.3d at 1066. The Lanham Act describes this defense to infringement as follows:

That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a mark, of the party's individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin

15 U.S.C. § 1115(b)(4) (2000).

87. *See Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc.*, 166 F.3d 65, 73 (2d Cir. 1999) (quotation and citation omitted).

services of the famous mark's owner.⁸⁸ The fair use privilege played a critical role in the case of *Playboy Enterprises, Inc. v. Welles*.⁸⁹

In *Welles*, former Playboy Playmate of the Year Terri Welles established a website which contained photographs of herself and other information.⁹⁰ The website included the heading, "Playmate of the Year 1981" on the masthead of the website, as well as the terms "Playmate" and "Playboy" as metatags.⁹¹ Welles also included a disclaimer on the website that read: "This site is neither endorsed, nor sponsored, nor affiliated with Playboy Enterprises, Inc. PLAYBOY® PLAYMATE OF THE YEAR® AND PLAYMATE OF THE MONTH® are registered trademarks of Playboy Enterprises, Inc."⁹² She had further used the abbreviation "PMOY '81" repeatedly in the wallpaper of her site.⁹³

Playboy sued Welles for trademark infringement and dilution and sought to enjoin her from using its trademarks in her website masthead, banner advertising, and metatags.⁹⁴ The district court, however, ruled that Welles's use of Playboy's trademarks in the masthead and banner advertisements was nominative fair use⁹⁵ and not infringing.⁹⁶ The Ninth Circuit agreed on appeal:

When Welles refers to her title, she is in effect referring to a product of [Playboy]'s. She does not dilute the title by truthfully identifying herself as its one-time recipient any more than Michael Jordan would dilute the name "Chicago Bulls" by referring to himself as a former member of that team, or the two-time winner of an Academy Award would dilute the award by referring to him or herself as a "two-time Academy Award winner." Awards are not diminished or diluted by the fact that they have been awarded in the past. Similarly, they are not diminished or diluted when past recipients

88. The following is not actionable under the Lanham Act: "(A) Fair use of a famous mark by another person in comparative commercial advertising or promotion to identify the competing goods or services of the owner of the famous mark. (B) Noncommercial use of a mark. (C) All forms of news reporting and news commentary." 15 U.S.C. § 1125(c)(4).

89. 279 F.3d 796 (9th Cir. 2002).

90. *Id.* at 799.

91. *Id.* at 800.

92. *Id.* at 799-80 n.1.

93. *Id.* at 800.

94. *See id.*

95. A use is a permitted nominative fair use if it meets three requirements: "First, the product or service in question must be one not readily identifiable without use of the trademark; Second, only so much of the mark or marks may be used as is reasonably necessary to identify the product or service; and third, the user must do nothing that would, in conjunction with the mark, suggest sponsorship or endorsement by the trademark holder." *New Kids on the Block v. News Am. Publ'g Inc.*, 971 F.2d 302, 308 (9th Cir. 1992); *see also Cairns v. Franklin Mint Co.*, 292 F.3d 1139, 1153-55 (9th Cir. 2002).

96. *Playboy Enters., Inc. v. Welles*, 7 F. Supp. 2d 1098, 1104-05 (S.D. Cal. 1998).

truthfully identify themselves as such. It is in the nature of honors and awards to be identified with the people who receive them.⁹⁷

As to the metatags, the court stated,

Forcing Welles and others to use absurd turns of phrase in their metatags, such as those necessary to identify Welles, would be particularly damaging in the internet search context. Searchers would have a much more difficult time locating relevant websites if they could do so only by correctly guessing the long phrases necessary to substitute for trademarks.... Similarly, someone searching for critiques of Playboy on the internet would have a difficult time if internet sites could not list the object of their critique in their metatags.⁹⁸

Regarding Welles's repeated use of the abbreviation "PMOY '81" in the wallpaper of her website, the court held that this was not a nominative fair use in that it was not necessary to describe Welles given the court's determination that she could use the mark "Playboy Playmate of the Year" on her site.⁹⁹

Nominative fair use and initial interest confusion were at the center of the court's ruling in *J.K. Harris & Co. v. Kassel*¹⁰⁰ as well. In this case, J.K. Harris and Kassel directly competed in negotiating reductions in tax assessments and favorable resolution of past due tax obligations for clients.¹⁰¹ Both parties promoted their services online.¹⁰² On its website, taxes.com, Kassel began publishing negative information about Harris on a page that was designed so as to be prominently featured in the search engine results of those seeking information about Harris.¹⁰³ Kassel did this by creating "keyword density" on the page in question: Harris's trade name was used seventy-five times, header and underline tags were placed around sentences containing Harris's trade name, the font size was increased, and links to websites containing information about Harris were included.¹⁰⁴

In various searches for Harris's trade name, Kassel's site was prominently featured in the results.¹⁰⁵ Harris sued to enjoin Kassel from using its trade name anywhere on the taxes.com site, arguing that Kassel caused initial interest confusion by attracting customers to Kassel's site, where, after reading the negative information posted

97. *Playboy Enters.*, 279 F.3d at 806.

98. *Id.* at 803-04.

99. *Id.* at 804.

100. 62 U.S.P.Q.2d 1926 (N.D. Cal. Mar. 22, 2002).

101. *Id.* at 1927.

102. *Id.* at 1928.

103. *Id.*

104. *See id.* at 1928, 1931.

105. *See id.* at 1928. On one of those searches, Kassel's site was the first site listed, and on most others, Kassel's site was among the top ten sites identified in search engine results. *See id.*

there about Harris, they might be dissuaded from doing business with Harris.¹⁰⁶ The court held that Kassel's use of Harris's trade name would be permitted if it was a nominative fair use.¹⁰⁷ Further, the court found that Harris's service could not be adequately described without using the "J.K. Harris" trade name, but that, given the negative nature of the information posted on Kassel's site, no user would believe it was sponsored or endorsed by Harris.¹⁰⁸

Nevertheless, the court also held that it was necessary that "only so much of the mark or marks [may] be used as is reasonably necessary to identify the [mark holder's] product or services."¹⁰⁹ After reviewing Kassel's uses, the court held that "[d]efendants' use of [p]laintiff's trade name in links to other web pages and when disseminating truthful factual information [about plaintiff] is [a] nominative fair use."¹¹⁰ However, the court explained that it was not necessary to use header or underline tags around sentences containing Harris's trade name, to increase the font size or page prominence of sentences containing Harris's trade name, or to weight the keyword density of its page by using Harris's trade name, or variations thereof, seventy-five times on its web page in order reasonably to identify Harris.¹¹¹

Finding that there was no nominative fair use defense, the court held that Harris was likely to prevail on its initial interest confusion claim as consumers were likely to be confused by Kassel's use of Harris's trade name.¹¹² As a result, because irreparable harm is presumed under the Lanham Act after a demonstration of likelihood of confusion, the court issued a preliminary injunction, enjoining Kassel from "using 'J.K. Harris' or any permutation thereof as a keyword for the taxes.com website more often than is necessary to identify the content of the website;"¹¹³ from using header and underline tags around sentences containing Harris's trade name, or from increasing the prominence and font size of sentences which include Harris's trade name.¹¹⁴

106. *See id.* at 1929-30.

107. *Id.* at 1931.

108. *See id.*

109. *Id.* at 1931 (quoting *New Kids on the Block v. News Am. Publ'g, Inc.*, 971 F.2d 302, 308 (9th Cir. 1992)).

110. *Id.*

111. *Id.*

112. *Id.*

113. *Id.* at 1935.

114. *Id.* The court also enjoined defendants from continuing to post on their website certain designated statements plaintiff claimed were false or misleading, but refused to issue a blanket injunction enjoining defendants from posting any defamatory, untrue or misleading statements on the taxes.com site. *See id.* In so holding, the court noted that "false or misleading commercial speech may be prohibited entirely." *Id.* at 1932. However, the appropriate balance between the Lanham Act (which prohibits use of a mark in false and misleading statements) and First Amendment concerns is to enjoin only those commercial statements which are found to be false and deceptive. *See id.* at 1933; *see also* Steven Bonisteel, *Court Order*

II. TRADEMARK LAW APPLIED TO KEYWORD BANNER ADVERTISING

Whether keyword banner advertising results in trademark dilution or creates a likelihood of confusion that leads to infringement are issues that several federal courts have confronted. Two of the earliest cases were settled without adjudication. In *Estee Lauder Inc. v. Fragrance Counter, Inc.*,¹¹⁵ Estee Lauder sued Excite and The Fragrance Counter in a case involving both metatags and keyword banner advertising. Estee Lauder objected to Excite's agreement to highlight advertisements for The Fragrance Counter, Inc. (later known as "iBeauty") whenever Internet users search for its trademarks ESTEE LAUDER, ORIGINS, and CLINIQUE. Subsequently, the parties settled the case when iBeauty agreed to refrain from using the Estee Lauder trademarks.¹¹⁶

Similarly, in *Reed Elsevier, Inc. v. Innovator Corp.*,¹¹⁷ Reed Elsevier, which owns the LEXIS, NEXIS, and LEXIS-NEXIS trademarks, brought a trademark infringement suit against Innovator, a competing information retrieval system, Altavista, a search engine and portal site, and DoubleClick, a service that assists firms with the placement of advertising on websites and search engines.¹¹⁸ Reed Elsevier sought damages and injunctive relief due to Altavista's sale of LEXIS, NEXIS, and LEXIS-NEXIS as keywords to its competitors.¹¹⁹ Reed Elsevier ended the case by entering into settlement agreements with Altavista and DoubleClick.¹²⁰

The first case in which a court was able to adjudicate the issue of whether keyword banner advertising results in trademark dilution or creates a likelihood of confusion that leads to liability for infringement was *Playboy Enterprises, Inc. v. Netscape Communications Corp.*¹²¹ In this case, Playboy Enterprises, Inc. sought a preliminary injunction against two search engines operated by Netscape Communications Corp. and Excite, Inc. to challenge Netscape's keying of advertisements on its search engines to the terms

Curbs Site's Ranking in Search Results, BizReport (Apr. 11, 2002), at http://www.bizreport.com/print.php?art_id=3267; Shannon Lafferty, *Ruling Expands Web Trademark Protections* (Apr. 10, 2002), at <http://www.law.com>.

115. 189 F.R.D. 269 (S.D.N.Y. 1999).

116. See Carl S. Kaplan, *Playboy Ruling Recognizes Limits to Online Rights of Trademark Holders*, N.Y. Times, Sept. 15, 2000, available at <http://www.nytimes.com/2000/09/15/technology/15CYBERLAW.html>. Estee Lauder also filed a similar action in Germany, and in February 2000, a court in Hamburg granted a preliminary injunction prohibiting any use of Estee Lauder's trademarks for keyword advertising or in iBeauty's advertisements. See *Excite, iBeauty Lose Key Name Use Lawsuit*, at <http://www.newsbytes.com/news/00/145545.html>.

117. 105 F. Supp. 2d 816 (S.D. Ohio 2000).

118. *Id.* at 817.

119. *Id.*

120. *Id.* at 818.

121. 55 F. Supp. 2d 1070 (C.D. Cal. 1999), *aff'd* 202 F.3d 278 (9th Cir. 1999).

“playboy” and “playmate,” which are Playboy’s registered trademarks.¹²² As a result of a search using one or more of these terms, users were provided not only with a list of websites that contained the word “playboy” or “playmate,” but also with a paid banner advertisement from a seller of adult entertainment services.¹²³ Although the banner ads did not contain either the word “playboy” or “playmate,” Playboy argued that this practice constituted trademark infringement and dilution.¹²⁴

Playboy’s infringement claim was based on the initial interest confusion theory applied in *Brookfield*,¹²⁵ but here the court determined that Playboy’s claims failed because Playboy did not show that consumers were likely to be confused by Netscape’s use of Playboy’s mark.¹²⁶ Playboy had offered no evidence indicating that consumers believed that the banner advertisements displayed when they conducted their search for the term “playboy” or “playmate” were affiliated with or endorsed by Playboy.¹²⁷ Unlike the parties in *Brookfield*, Playboy and Netscape did not compete in the same market.¹²⁸ Extending the road sign metaphor in *Brookfield*, the court explained,

Here, the analogy is quite unlike that of a devious placement of a road sign bearing false information. This case presents a scenario more akin to a driver pulling off the freeway in response to a sign that reads “Fast Food Burgers” to find a well-known fast food burger restaurant, next to which stands a billboard that reads: “Better Burgers: 1 Block Further.” The driver, previously enticed by the prospect of a burger from the well-known restaurant, now decides she wants to explore other burger options. Assuming that the same entity owns the land on which both the burger restaurant and the competitor’s billboard stand, should that entity be liable to the burger restaurant for diverting the driver? That is the rule [Playboy] contends the Court should adopt.¹²⁹

The court also noted that the results produced in response to the search contained not only a banner ad but links to Playboy’s websites as well.¹³⁰ Moreover, the court expressed concern that a finding of infringement might result in the loss of otherwise generic words from the English language at the expense of competitor need.¹³¹ In so

122. *See id.* at 1072.

123. *Id.*

124. *Id.* at 1072-73.

125. *See supra* notes 72-83 and accompanying text.

126. *Playboy Enters.*, 55 F. Supp. 2d at 1074.

127. *Id.* at 1074-75

128. *Id.*

129. *Id.* at 1075.

130. *Id.* at 1078.

131. *See id.* at 1074 (emphasizing that the words “playboy” and “playmate” are words in the English language and their use “cannot be said to suggest sponsorship or endorsement of either the websites that appear as search results (as in *Brookfield*) or

doing, the court held that Netscape's use of "playboy" and "playmate" as keywords was a permissible fair use of Playboy's marks and was protected by the First Amendment:

It is . . . undisputed that the words "playboy" and "playmate" are English words in their own right, and that there exist other trademarks on the words wholly unrelated to [Playboy]. Thus, whether the user is looking for goods and services covered by [Playboy]'s trademarks or something altogether unrelated to [Playboy] is anybody's guess. . . .

....

. . . Here, [Playboy] is seeking to leverage its trademarks "Playboy ®" and "Playmate ®" (which cannot be searched on the Internet) into a monopoly on the words "playboy" and "playmate." Indeed, by seeking a prohibition on all advertisements that appear in response to the search words "playboy" and "playmate," [Playboy] would effectively monopolize the use of these words on the Internet. This violates the First Amendment rights of (a) Excite and Netscape; (b) other trademark holders of "playboy" and "playmate"; as well as (c) members of the public who conduct Internet searches.¹³²

Likewise, the court refused to find that Netscape had diluted Playboy's trademarks by either blurring or tarnishment.¹³³ Playboy had not proved blurring of its marks because Netscape did not use the words as trademarks and because Playboy did not demonstrate that the use of the keywords and the banner ads in any way affected the capacity of the marks to identify and distinguish Playboy's goods and services.¹³⁴ Similarly, even though the banner ads contained sexually-explicit adult content, there was no tarnishment because Playboy's trademarks were also associated with adult entertainment.¹³⁵ Accordingly, the court denied Playboy's motion for a preliminary injunction.¹³⁶

the banner ads that adorn the search results page"). Recall that in *Brookfield*, the word MOVIEBUFF was not an English language word and that while the defendant could use the term MOVIE BUFF as a term that equates to motion picture enthusiast, MOVIEBUFF as one word is not a word in the English language and referred only to the plaintiff's products. *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1066 (9th Cir.). The *Playboy v. Netscape* court also drew this distinction. See *id.* at 1074-75.

132. See *Playboy Enters.*, 55 F. Supp. at 1073, 1085. The court's reasoning that these terms are generic is curious. See *infra* notes 155-62 and accompanying text. For a discussion of the trademark law conception of genericness, see Jerre B. Swann, *Genericism Rationalized*, 89 Trademark Rep. 639 (1999).

133. *Playboy Enters.*, 55 F. Supp. at 1075-76.

134. See *id.* at 1075.

135. See *id.* at 1075-76.

136. *Id.* at 1076. The decision in *Playboy v. Netscape* prompted some to predict that "search engines may be free to demand that trademark holders pay a fee to prevent competitors from using the brand as a keyword." John Roemer, *Judge to*

Although not a case involving banner advertising, one of the most recent decisions concerning trademarks and keywords was *Nissan Motor Co. v. Nissan Computer Corp.*¹³⁷ Here, the search engine keyword employed by the defendant was identical to an Internet domain name that also incorporated a trademark.¹³⁸ Nissan Motor Co., the Japanese automaker, owned since 1959 various registered trademarks using the word NISSAN in connection with automobiles and other vehicles, while its U.S. subsidiary, Nissan North America, operated a website at “www.nissan-usa.com.”¹³⁹ The defendant, Nissan Computer, was founded in 1991 by Uzi Nissan.¹⁴⁰ In the mid-1990’s, the defendant registered a trademark for its logo and the Internet domain names “www.nissan.com” and “www.nissan.net” for its websites.¹⁴¹

In August 1999, the defendant altered the content of its “www.nissan.com” website.¹⁴² The website was captioned “www.nissan.com,” and displayed a logo that was allegedly confusingly similar to the plaintiff’s NISSAN logo.¹⁴³ In addition, the website displayed banner advertisements and hyperlinks to various Internet search engines and merchandising companies, such as “www.cartrackers.com” and “www.1StopAuto.com,” as well as links to other auto-related websites.¹⁴⁴ After talks between the plaintiff and defendant regarding the possible transfer of the “www.nissan.com” domain name failed, the plaintiff filed suit for trademark dilution and infringement, domain name piracy, and unfair competition.¹⁴⁵ The defendant sought leave to amend in order to file counterclaims against Nissan Motor alleging that it had wrongfully purchased various search terms, such as “Nissan” and “nissan.com,” from various Internet search engine operators, that, when typed into the search engines,

Trademark Holders: Online Rights Have Limits, The Industry Standard, Sept. 21, 2000, available at <http://www.jmbm.com/new/new2000296150338.html>. In hindsight, such fears were premature. Indeed, such an outcome would have hearkened back to the days of cybersquatting, when domain names were held hostage for ransom. See, e.g., *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316, 1325 (9th Cir. 1998).

137. 204 F.R.D. 460 (C.D. Cal. 2001).

138. *Id.* at 461.

139. *Id.*

140. *Id.*

141. *Id.* At least one other court has addressed a practice very similar to this. In *Nettis Envtl. Ltd. v. IWI, Inc.*, 46 F. Supp. 2d 722 (N.D. Ohio 1999), the defendant had used the plaintiff’s NETTIS trademark in metatags and had registered “Nettis” as a keyword with 380 search engines and portals. *Id.* at 724. When a website owner registers a list of keywords associated with his or her website, the addition of the website to the search engine or portal’s database makes the website more accessible and easier to find. In this case, the court ordered the removal of these terms from the metatags and as database keywords. See *id.* at 725.

142. *Nissan*, 204 F.R.D. at 461.

143. *Id.*

144. *Id.*

145. *Id.*

result in confusion and the searcher being directed to the plaintiff's website, rather than the defendant's.¹⁴⁶

The court first determined that the plaintiff had a legitimate right to the term "nissan.com" as it had to the term "Nissan" and that as a matter of law it could not be liable for using a term in which it had trademark rights.¹⁴⁷ Next, the court observed that while the type of protection afforded in cases involving cybersquatting and metatagging might be applicable to the use of a domain name as a keyword, it was inappropriate in this case:

There appears to be no good cause for not extending these protections and limitations to cases where one infringes or dilutes another's mark by purchasing a search term—as opposed to using another's mark in one's metatags—for the purpose of manipulating a search engine's results list. This is not such a case, however, because the plaintiffs cannot infringe upon or dilute their own mark—much less, one in which they have a valid, protectable interest.¹⁴⁸

The court also rejected the defendant's attempt to analogize the plaintiff's purchase of the search term "nissan.com" with "paying the occupant of the information booth at the airport to direct people to the United Airlines counter whenever anyone should inquire where the Starbuck's coffee counter is located."¹⁴⁹ In this case, the court stated that a consumer who is seeking Nissan Computer's website and who types "nissan.com" into the search engine already knows the location of the defendant's website: "Typing 'nissan.com' into a search engine to obtain the domain name for 'nissan.com' is as pointless . . . 'as telephoning a business and asking for its telephone number.'"¹⁵⁰ As such, the defendant had failed to state a claim upon which relief could be granted and the court denied its motion to amend.¹⁵¹

III. TRADEMARKS AND BANNER ADVERTISING REVISITED—THE WORDS HOLD THE KEY

The court in *Playboy Enterprises, Inc. v. Netscape Communications Corp.* pointed out that "[t]he Internet is a unique and wholly new

146. *Id.* at 462-63.

147. *See id.* at 466 ("Because this Court has already found that 'the plaintiffs have a valid, protectable trademark interest in the "Nissan" mark,' the defendant's registration of the Internet domain names 'nissan.com' and 'nissan.net' cannot trump the plaintiffs' use of the 'Nissan' mark on the Internet or anywhere else." (citation omitted)).

148. *Id.*

149. *Id.* at 468. For an analysis of the use of the domain name system as a search engine and directory, see Ben Edelman, DNS as a Search Engine: A Quantitative Evaluation (2002), available at <http://cyber.law.harvard.edu/people/edelman/dns-as-search>.

150. *Nissan*, 204 F.R.D. at 468 (citation omitted).

151. *Id.* at 463.

medium of worldwide human communication” and courts should be “mindful of the difficulty of applying well-established doctrines to . . . [electronic] commerce.”¹⁵² As with many areas of law that have had to be adapted to the online context, courts must consider carefully whether an activity or business practice is likely to cause confusion or dilute another’s trademark rights in light of consumer expectations and sophistication. Yet, the court’s analysis in this case was remarkably simplistic in view of its own admonition. Indeed, the holding in *Playboy v. Netscape* may be limited to some extent by its facts. Further, Playboy sued only the search engines rather than the firms that were using the trademarks to trigger their own advertising,¹⁵³ as the plaintiffs in the *Estee Lauder* and *Reed Elsevier* cases had done.¹⁵⁴

In addition, the court in *Playboy v. Netscape* maintained that the trademarks involved were also generic terms¹⁵⁵ in the English language,¹⁵⁶ hinting that if the keywords were solely an inherently distinctive or famous trademark, the outcome may have been different.¹⁵⁷ For instance, under this court’s reasoning, Estee Lauder’s suit against The Fragrance Counter¹⁵⁸ may have led to a different result on the grounds that “Estee Lauder” is not an English word or generic term.¹⁵⁹ Similarly, Reed Elsevier *might* have prevailed since “Lexis” and “Nexis” are neither generic, merely descriptive, nor ordinary English language terms.¹⁶⁰ However, the court’s reasoning is specious because PLAYBOY and PLAYMATE are not considered generic or merely descriptive marks in the United States and most other countries.¹⁶¹ It is one thing to say that a playboy is “a typically young and wealthy man who lives a frivolous indolent life devoted

152. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1073 (C.D. Cal. 1999) (citation and internal quotation marks omitted).

153. Indeed, the court relied on the fact that Playboy did not compete with the search engines. *See id.* at 1074-75.

154. *See supra* notes 115-17 and accompanying text.

155. *See Park ‘N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985) (“A generic term is one that refers to the genus of which the particular product is a species. Generic terms are not registrable, and a registered mark may be canceled at any time on the grounds that it has become generic.” (citation omitted)).

156. *See Playboy Enters.*, 55 F. Supp. 2d at 1074-75; Matthew A. Kaminer, *The Limitations of Trademark Law in Addressing Trademark Keyword Banners*, 16 Santa Clara Computer & High Tech. L.J. 35, 45 (1999).

157. *See supra* note 131 and accompanying text.

158. *See supra* notes 115-16 and accompanying text.

159. *See Beth I.Z. Boland et al.*, “*Initial Interest Confusion*” and the Use of Metatags and Keyed Banner Ads in Internet Trademark Law, 45 Boston Bar J., Oct. 2001, at 6, 21 (“[T]he use of trademarked key words that are not also English words, such as ‘AOL,’ ‘Exxon,’ or ‘Bose,’ could produce a different result.”).

160. *See supra* note 117 and accompanying text.

161. *Cf. Playboy Enters. v. Asiafocus Int’l, Inc.*, No. Civ. A 97-734-A, 1998 WL 724000, at *8 (E.D. Va. Apr. 10, 1998); *Playboy Enters., Inc. v. Calvin Designer Label*, 985 F. Supp. 1220, 1221 (N.D. Cal. 1997); *Playboy Enters., Inc. v. Chuckleberry Publ’g, Inc.*, 939 F. Supp. 1032, 1038 (S.D.N.Y. 1996).

chiefly to the pursuit of pleasure,"¹⁶² but quite another to say that every adult entertainment product is a "playboy."

Nevertheless, in all likelihood, the firms that had purchased "playboy" and "playmate" as keywords knew they were trademarks, and purchased them because they had significance as well-known identifiers and because they hoped to maximize the exposure of their products to those who were already searching for similar products made by Playboy. Although the court offered that several other firms own trademarks incorporating the word "playboy," only Playboy's use of "playboy" involves adult entertainment.¹⁶³ Moreover, users quite likely were seeking Playboy's products and services when they entered the words as search terms, and thus were using the words as trademarks.¹⁶⁴ This is also likely to have been the case with the defendants, Netscape and Excite, which clearly appeared to be using the terms as trademarks by selling the keywords to firms that advertised and sold adult entertainment products and services.¹⁶⁵ Consequently, the court's conclusion that the Internet users and defendants in this case were not using the words here as trademarks is questionable at best.

A. *Infringement and the Unlikelihood of Confusion*

Although it is probable that the firms that had purchased the keywords "playboy" and "playmate" had done so because they were trademarks, if keyword banner advertising is to amount to trademark infringement, it will be necessary to prove some form of consumer confusion.¹⁶⁶ In this situation, point of sale confusion is unlikely because users will quickly realize that the website is not that of the firm whose trademark they entered as a search term once they click on the banner ad and are taken to the advertiser's site.¹⁶⁷ Furthermore, consumers are unlikely to make a purchase believing that the trademark owner is affiliated with or has endorsed or sponsored the banner advertiser, especially if the advertiser is a competitor.

162. Webster's Third New International Dictionary 1737 (3d ed. 1986).

163. See *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1079 (C.D. Cal. 1999) (referring to the use of "playboy" for fresh yams, sweet potatoes, handkerchiefs, soft drinks, and carbonated water).

164. See *id.* at 1073.

165. See Christine D. Galbraith, *Electronic Billboards Along the Information Superhighway: Liability Under the Lanham Act For Using Trademarks to Key Internet Banner Ads*, 41 B.C. L. Rev. 847, 880 (2000) (arguing that if a search engine used the word "apple" to key ads to computer products, this would constitute use of the Apple Computer's trademark, but if the word "apple" was used to key ads for an apple orchard or a fruit growers association, this would be use as a descriptive term for a type of fruit).

166. See *supra* notes 42-43 and accompanying text.

167. See Kaminer, *supra* note 156, at 50.

By contrast, a clear case of confusion exists if the competitor's banner ad actually uses the trademark, or a similar mark or trade name to trick consumers into thinking that the trademark owner is the source or sponsor of the ad. For instance, if a consumer in search of information about CLOROX brand bleach entered "Clorox" as a search term and a banner ad appeared that read: "Click here for Clorox." If the consumer clicked on the banner ad, and instead was taken to the website for PUREX bleach, there would be a clear case of initial interest confusion. Likewise, the same conclusion would likely follow if a consumer in search of NIKE athletic shoes types in "Nike" as a search term and a banner ad placed by REEBOK that reads "Just do it!" appears.

Under these circumstances, there is less doubt that the banner advertiser has improperly appropriated another's trademark and that infringement has occurred. It is hard to imagine that many advertisers would engage in such an obviously unlawful advertising practice. However, there is also an argument to be made that even if another's trademark is not used, an unwitting consumer *might* be confused by intentionally ambiguous or misleading ad content. For example, suppose that a consumer enters "Godiva" as the search term for GODIVA chocolate, and in response there appears a banner ad placed by HERSHEY that merely states: "For the richest chocolate you've ever tasted, click here" or "Click here to order a free sample of our chocolate!" Consumers may be tempted to click on such a banner ad if it appears that it could be relevant to their query.¹⁶⁸ In this manner, a consumer who originally intended specifically to access the GODIVA website may be drawn away unwittingly to the HERSHEY website by the unauthorized use of the GODIVA trademark as a trigger for the banner ad.¹⁶⁹

Alternatively, the *Brookfield* and *J.K. Harris* cases suggest that a trademark owner might resort to an infringement theory based on initial interest confusion.¹⁷⁰ Under this line of argument, a trademark owner could assert that a consumer in search of its product or service would enter its trademark as a query and that the search engine would then generate a list of search results above which appears a banner ad. The consumer would either become confused at that point and, thinking that the banner ad was connected with the trademark owner or tempted by a banner ad that the consumer assumes was triggered by the search term, click on the banner ad and be taken to the

168. See Neil Barrett, Advertising on the Internet 58 (1997) (stating that the words "Click here!" can increase the effectiveness of a banner ad); Zeff & Aronson, *supra* note 9, at 44 (suggesting that banner ads are more effective if they have a call to action, such as "free" or "click here" and create a sense of urgency).

169. See Vivian L. Polak et al., *The Legal Risks of Trademarks as Internet Search Terms*, The Internet Law Journal (Aug. 1, 2000), at <http://tilj.com/content/ipartice08010001.htm>.

170. See *supra* notes 72-83 & 100-14 and accompanying text.

competitor's website where the consumer would find and purchase a comparable product or service. In this way, as Playboy argued in *Playboy v. Netscape*,¹⁷¹ consumers are diverted away from the trademark owner's products or services by the keyword banner advertising.

The analogy to *Brookfield* is that with both metatags and banner ads, the trademarks are invisible to the consumer, except to the extent that a consumer enters them into the search engine as search terms.¹⁷² Both the search results returned and the banner ads triggered are related to the terms entered. In both instances, the primary purpose of using the trademark is to draw the attention of consumers and reroute them from their intended destination to the competitor's website.¹⁷³ Sometimes the banner ads displayed in response to a search query are actually those of the trademark owner. Just as some of the websites in the search results are related to the query while others are irrelevant, some of the banner ads displayed are directly related to the trademark while others are not. Consumers may be more receptive to banner advertising when they are actually looking to purchase a product or seriously seeking information about a product or service they plan to purchase. Therefore, they may pay closer attention to banner ads to find relevant products and information just as they would pay attention to search results.¹⁷⁴ If so, initial interest confusion can be seen to be at the root of both metatagging and keyword banner advertising. Nevertheless, it would be hard to deny that any confusion as to source would be dispelled where the advertiser displays its own trademark and there is a clear indication of the source of the ad.

The analogy to *Brookfield* and metatagging, however, is distinguishable from keyword banner advertising.¹⁷⁵ Metatagging causes a competitor's website to appear among the search results; thus, consumers are likely to be confused. On the other hand, keyword banner ads appear on the top of the page above the search results and are therefore unlikely to cause this type of confusion.¹⁷⁶

171. See *supra* notes 121-25 and accompanying text.

172. See Erik T. Anderson, *Protection of Trademarks from Use in Internet Advertising Banner Triggers: Playboy v. Netscape*, 40 *Jurimetrics J.* 469, 474 (2000).

173. See Kaminer, *supra* note 156, at 51.

174. Such a conclusion is consistent with *Brookfield*, in which the court found confusion even where the links to competitors' websites that appear due to metatagging were clearly identified. See *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1062 (9th Cir. 1999) (noting that the search results will include the websites for both the trademark owner and the competitor so that when the user looks at the search results the "user will often be able to find the particular web site he is seeking").

175. See, e.g., Kaminer, *supra* note 156, at 53 (highlighting differences between metatagging and keyword banner advertising); see also Posner, *supra* note 71, at 491 (same).

176. See Kaminer, *supra* note 156, at 53; Posner, *supra* note 71, at 491.

Most important, consumers are more likely to ignore banner advertisements than they would search results. Absent plain suggestion to the contrary, consumers typically expect that a banner ad at the top of a webpage of search results is irrelevant to the trademark entered as the search query. Indeed, most Internet consumers do not even suppose that all or even most of the results listed will match or be related to their query, expecting that many of the links are unrelated or of no use at all.¹⁷⁷ With respect to banner ads, users are even more likely to presume that the ad is *not* that of the trademark owner and, as a result, there is no consumer confusion.¹⁷⁸

Additionally, the level of consumer sophistication plays a key role in assessing the likelihood of confusion.¹⁷⁹ Courts consider the level of consumer sophistication, particularly those consumers who exercise considerable attention and inspect closely, in assessing the likelihood of confusion.¹⁸⁰ Internet consumers know how critically to evaluate and sort through search engine results.¹⁸¹ In fact, many online consumers have developed "banner blindness" in reaction to the deluge of online advertising.¹⁸² As such, it is especially unlikely that a consumer would click on a banner ad thinking it was one of the search

177. See Dunaevsky, *supra* note 85, at 1383-84.

178. See Parker H. Bagley & Paul D. Ackerman, *Trigger Happy: The Latest Internet Assault on Trademarks Rights*, Computer Lawyer, May 1999, at 3 (stating that "using a keyword to trigger banner advertising presents the use of a trademark in a manner that is not directly in connection with the goods and services being sold," and thus the mere display of an advertisement in response to the entry of the trademark as a search term may not lead to consumer confusion).

179. See generally Restatement (Third) of Unfair Competition §§ 20-23 (1995). The standard is that of a "typical buyer exercising ordinary caution." Homeowners Group, Inc. v. Home Marketing Specialists, Inc., 931 F.2d 1100, 1111 (6th Cir. 1991).

180. See Wynn Oil Co. v. American Way Serv. Corp., 943 F.2d 595, 602 (6th Cir. 1991). Though not required, evidence of actual confusion is also highly persuasive. World Carpets, Inc. v. Dick Littrell's New World Carpets, 438 F.2d 482, 489 (5th Cir. 1971).

181. Julie A. Rajzer, Comment, *Misunderstanding the Internet: How Courts are Overprotecting Trademarks Used in Metatags*, 2001 L. Rev. M.S.U.-D.C.L. 427, 463. Rajzer stated,

Many Internet users have learned how to look critically through search engine result lists to find exactly what they are looking for and weed out unwanted and irrelevant results. Therefore, it should come as no surprise that Internet users have gained a higher level of sophistication about the Internet and can usually determine, on their own, the source or validity of material on web pages.

Id.

182. "Banner blindness" is the tendency of Internet users to ignore banner advertisements, even when the ads contain information that the users may be actively seeking. See Magnus Pagendarm & Heike Schaumburg, *Why Are Users Banner-Blind? The Impact of Navigation Style on the Perception of Web Banners*, J. Digital Info. (2001), available at <http://jodi.ecs.soton.ac.uk/Articles/v02/i01/Pagendarm/>; Jan Panero Benway & David M. Lane, *Banner Blindness: Web Searchers Often Miss "Obvious" Links*, Internetworking (Dec. 1998), available at http://www.internettg.org/newsletter/dec98/banner_blindness.htm.

results or the link to the trademark owner's website.¹⁸³ Furthermore, banner ads are usually clearly marked as those of the competitor, thereby dispelling any likely association consumers might make. Some consumers may even use trademarks as shorthand search terms to find sellers in the general product category, particularly when they cannot describe the product in generic search terms in order to generate a productive search. If so, banner ads of competitors may be advantageous for competition, if not also desirable by the consumer.

An even sharper contrast can be made by comparing keyword banner advertising with keyword featured placement advertising. Keyword sales that result in "featured placements" in a search engine results list raise greater concerns about infringement than keyword banner ads. With this type of advertising, the search engine sells search terms, including trademarks, as a means for advertisers to move the links to their websites to the top of the results list.¹⁸⁴ Featured placements in search engine listings appear as search result listings of Internet websites relevant to the search. The higher the price paid for a featured placement, the higher it will appear in the list.¹⁸⁵ While banner ads will appear at the top of the webpage as a form of advertising, a featured placement listing appears in the search results as a link that may be seen as relevant to the user's search query. For instance, a consumer who searches for "Hertz" rental cars may well be confused if the featured placement link listed at the beginning of the listings is "The Best Rental Car Deal" but turns out to be a link to the website for "Avis" rental cars. Because consumers inexorably pay more attention to listings on the first search results page, given the impracticality of reviewing potentially countless search results generated by a search, keyword featured placement listings are more likely directly to result in initial interest confusion than keyword banner advertising.

The concern here is with what we might call "search result density"—that consumers may become frustrated scanning page after page of search results to find the site that they really wanted, so if the first listing was for the same though competing product, the consumer might decide to purchase it as an acceptable substitute. Indeed, featured placement advertisements have been challenged as being inherently deceptive because they may lead consumers to believe that the search results are based on relevancy alone.¹⁸⁶ One firm has

183. See Kaminer, *supra* note 156, at 53.

184. *The Internet Sells its Soul*, *The Economist*, Apr. 20, 2002, at 65 (noting that Internet search terms are up for sale as a way for advertisers "to push their sites up to the top of search-engine listings").

185. See *id.* at 66 (referring to AOL, Yahoo, Altavista, and Google as examples and stating that "[m]any search-engine sites are now auctioning such search terms. The more companies are prepared to pay, the higher their websites will appear in the results").

186. See Commercial Alert, Commercial Alert Files Complaint Against Search

already brought suit for trademark infringement and unfair competition against several search engines that employ this practice.¹⁸⁷ In addition, the Federal Trade Commission has directed Internet search engines to ensure that “any paid ranking search results are distinguished from non-paid results with clear and conspicuous disclosures.”¹⁸⁸

B. *The Improbability of Dilution*

If infringement is an unlikely source of relief against keyword banner advertising, might the trademark owner consider a dilution claim, which does not require a likelihood of confusion? Dilution is limited to claims involving famous marks used by a defendant in commerce in a manner that lessens the capacity of the mark to identify and distinguish goods or services.¹⁸⁹ Moreover, dilution does not prohibit any use of the mark; rather, it prevents only use of the mark that results in its blurring or tarnishment.¹⁹⁰

Recall that the court in *Playboy v. Netscape* rejected Playboy’s dilution claim, finding that neither blurring nor tarnishment of its trademarks had occurred.¹⁹¹ The court held that Playboy had not proved blurring of its marks because the defendants did not use the words as trademarks and because Playboy produced no evidence that the use of the words caused “any severance of the association between plaintiff and its marks.”¹⁹² The court also rejected the tarnishment claim, even though the ads activated by the keywords were for content even more sexually explicit than Playboy’s content,¹⁹³ because Playboy

Engines for Deceptive Ads, at <http://www.commercialalert.org/releases/searchengine.html> (July 16, 2001).

187. See Danny Sullivan, *Lawsuit Over Paid Placements to Define Search Engines*, The Search Engine Report, at <http://www.searchenginewatch.com/sereport/02/02-bodyolutions.html> (Feb. 19, 2002) (detailing the trademark infringement suit by Mark Nutritionals against Altavista, FindWhat, Kanoodle, and Overture for selling paid placement listings that appear when searches are conducted for BODY SOLUTIONS, which the plaintiff initiated when it discovered that its site did not appear on first page of search results for BODY SOLUTIONS).

188. Letter of Federal Trade Commission to Gary Ruskin, Executive Director, Commercial Alert 5 (June 27, 2002), available at <http://www.ftc.gov/os/closings/staff/commercialalertletter.htm>. In response to this warning, most search engines have begun including language that indicates that paid search results are “sponsored” or “featured.” See Stefanie Olsen, *Search Sites Work to Clean Up their Act*, CNET News, at <http://news.com.com/2100-1023-954171.html> (Aug. 19, 2002); see also Brian Krebs, *FTC Warns Search Engines on Ad Placements*, Washington Post, July 1, 2002, available at <http://www.washingtonpost.com/ac2/wp-dyn/A97072002Jul1?language=printer>.

189. See *supra* notes 47-57 and accompanying text.

190. See *supra* note 56 and accompanying text.

191. See *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075-76 (C.D. Cal. 1999).

192. *Id.* at 1075.

193. See *id.* at 1075-76.

failed to show any tarnishment in that Playboy's trademarks "are associated with other purveyors of adult entertainment in other marketing channels."¹⁹⁴

To establish dilution, the plaintiff must prove that (1) the mark is famous; (2) defendant has made a commercial use of the mark in commerce; (3) defendant's use began after the mark became famous; and (4) defendant's use of the mark dilutes the quality of the mark by diminishing the capacity of the mark to identify and distinguish goods and services.¹⁹⁵ Given that the trademark has been sold for the purpose of triggering the defendant's banner advertisement, a plaintiff is likely to have little trouble in most cases meeting the "famousness" requirement and the condition that the defendant began using the mark after it became famous.¹⁹⁶

Proving blurring, on the other hand, is problematic. Blurring could arguably arise if, for example, a search for FUJI camera film using "Fuji" as a search term triggered a banner ad for "Fuji Soup." However, if the banner advertising itself does not incorporate or display the trademark, the capacity of the mark to identify and distinguish goods is unaffected. In addition, the banner ads do not interfere with the search results, and the link to the trademark owner's website can still be located on the search results page. Keyword banner advertising does not lessen the quality of the search. Only if the advertising became so invasive as to intrude upon or interfere with the search results would the argument for dilution become relevant. This type of search engine is very unlikely to be successful for long, since users will question its reliability and objectivity. At this point, the distinction between keyword banner advertising and metatagging becomes clear. If the search results are inundated with websites using the trademark in their metatags, the list of search results may be so long that the user will abandon his or her attempt to find the trademark owner's website.¹⁹⁷ "Further, because users will not associate the banner ad and the competitor's product [or service] with the trademark, the trademark retains its capacity to serve as a unique identifier."¹⁹⁸

A trademark owner might also argue that he or she is prevented from advertising on the search engine website using his or her own mark as a keyword because the mark has already been sold to a competitor. The inability to use one's own mark for advertising could

194. *Id.* at 1076.

195. *See* Panavision Int'l, L.P. v. Toeppen, 141 F.3d 1316, 1324 (9th Cir. 1998) (citing 15 U.S.C. § 1125(c)).

196. *See supra* note 56 and accompanying text.

197. *See* Maureen A. O'Rourke, *Defining the Limits of Free-Riding in Cyberspace: Trademark Liability for Metatagging*, 33 Gonz. L. Rev. 277, 300 (1997).

198. *See* Gregory Shea, Note, *Trademarks and Keyword Banner Advertising*, 75 S. Cal. L. Rev. 529, 556 (2002).

arguably lessen the capacity of the mark to distinguish goods or services. However, this concern is negligible because some search engines give priority to the trademark owner in selling the mark as a keyword, or the trademark owner can simply outbid the competitor for the keyword. Likewise, the trademark owner's website will appear in the search results. This reduces any dilution effect and allows the user to find the trademark owner's website among the results.¹⁹⁹

As to whether a claim for dilution by tarnishment might arise where a trademark is triggered to a banner ad that can be considered offensive or that debases the trademark, the trademark owner might argue, as Playboy did, that if the ads triggered are for sexually-explicit content or are otherwise offensive, the mark's positive associations have been harmed. This could have been argued in the *J.K. Harris* case as well. A trademark owner who does not offer offensive material may be able to succeed on this argument, but the crucial issue here would be proof that the consumer associates the entry of a particular trademark as a search engine keyword with the triggering of the offensive banner advertisement. Where the trademark owner's product or service itself is sexually-explicit or has some prurient aspect, it is possible that competing adult content websites may find it useful to purchase such keywords for their banner advertising; however, the court in *Playboy v. Netscape* ruled against Playboy on this issue since Playboy's trademarks were already associated with sexually-explicit and prurient content.²⁰⁰

In sum, trademark owners are unlikely to be successful in arguing dilution as a means of redress. Blurring is unlikely since banner ads do not interfere with search results, and users will not associate the advertising with the plaintiff's trademark. Furthermore, except in limited circumstances, tarnishment is unlikely to be a convincing basis for advocating dilution. As such, dilution is not a viable approach for preventing the use of trademarks in keyword banner advertising.

C. Nominative Fair Use and the Comparison to Comparative Advertising

As with other Internet-based activities and practices, keyword banner advertising does not square neatly with established approaches to analyzing potential trademark violations. One of the core purposes underlying trademark law is the prevention of free riding²⁰¹ by competitors on the goodwill and reputation of another.²⁰² At the same time, trademark law is mindful of the need of competitors to compete

199. *See id.*

200. *Playboy Enters., Inc. v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1076 (C.D. Cal. 1999).

201. "Free-riding is the diversion of value from a business rival's efforts without payment." *Chi. Prof'l Sports Ltd. P'ship v. NBA*, 961 F.2d 667, 675 (7th Cir. 1992).

202. *See generally* Landes & Posner, *supra* note 21, at 270-85.

freely in the market. A firm has the right to compete as long as it avoids marketing deceptively,²⁰³ infringing another's trademarks, or appropriating another's trade values.²⁰⁴ Sometimes, however, these competing policies are at odds, and one must give way to the other.

Along these lines, the *Welles* case reminds us that nominative fair use, which occurs when another's mark is used to discuss the trademark or trademark owner itself,²⁰⁵ remains relevant to online conduct placed under the lens of trademark law. Such a use arises out of necessity, when the product or service is not readily identifiable without use of or reference to the mark, the user makes use of the mark only to the extent necessary, and the use or reference does nothing to suggest support, sponsorship, or endorsement by the trademark owner.²⁰⁶ Nominative fair use protects a seller who knows that a consumer might be interested in a competing product and who targets that consumer to encourage brand-switching.²⁰⁷ If the seller references a competitor's mark in the process of drawing comparisons between its own and the competitor's products or services, then nominative fair use will privilege this as comparative advertising.²⁰⁸ Likewise, comparative advertising benefits both the consumer and the seller by promoting competition among firms and decreasing consumer search costs.²⁰⁹ Comparative advertising is "advertising that compares alternative brands on objectively measurable attributes or price, and identifies the alternative brand by name, illustration or other distinctive information."²¹⁰ Such advertising is permissible as an informational use of another's mark, as long as consumers are not confused as to source in the process.²¹¹ Moreover, comparative advertising is not actionable as a basis for a dilution claim.²¹²

203. Section 43(a) prohibits false advertising in the form of "false or misleading description of fact." 15 U.S.C. § 1125(a)(1) (2000).

204. Restatement (Third) of Unfair Competition § 1 (1995).

205. See *supra* note 97 and accompanying text.

206. See, e.g., *New Kids on the Block v. News Am. Publ'g Inc.*, 971 F.2d 302 (9th Cir. 1992); *WCVB-TV v. Boston Athletic Ass'n*, 926 F.2d 42 (1st Cir. 1991); *Calvin Klein Cosmetics Corp. v. Parfums de Coeur, Ltd.*, 824 F.2d 665 (8th Cir. 1987).

207. See *supra* note 95.

208. See Michael G. Frey, Comment, *Is It Fair to Confuse? An Examination of Trademark Protection, The Fair Use Defense, and the First Amendment*, 65 U. Cin. L. Rev. 1255, 1264-68 (1997).

209. See *Smith v. Chanel*, 402 F.2d 562, 563 (9th Cir. 1968); see also *Prestonettes, Inc. v. Coty*, 264 U.S. 359 (1924), in which the Supreme Court advised,

A trade mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. . . . When the mark is used in a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo.

Id. at 368 (citations omitted).

210. FTC Statement of Policy Regarding Comparative Advertising, 16 C.F.R. § 14.15 n.1 (1980).

211. See McCarthy, *supra* note 22 § 24.97.1, at 24-201-02; see also *McNeil-P.P.C., Inc. v. Bristol-Myers Squibb Co.*, 938 F.2d 1544 (2d Cir. 1991); *Charles of the Ritz*

Keyword banner ads triggered by trademarks as search terms should be considered a privileged form of comparative advertising when they allow a firm to offer an alternative product or service in competition with that of a competitor. The purchase of a keyword that matches the competitor's trademark is a minimalist use of the mark that enhances consumer choice by providing the consumer with information about additional options.²¹³ Similarly, by allowing keywords to trigger nonconfusing and nondeceptive advertising, the consumer is the ultimate beneficiary even though the banner ads that are keyed by the trademarks entered as search terms appear in close proximity on the same page as the search result listings.²¹⁴ When competition is encouraged in this way, the consumer can make a more informed choice from a wider array of competing products and services.

It is useful to recall the metaphor employed by the court in *Playboy v. Netscape*: “[A] driver pull[s] off the freeway in response to a sign that reads ‘Fast Food Burgers’ . . . [and] find[s] a well-known fast food burger restaurant, next to which stands a billboard that reads: ‘Better Burgers: 1 Block Further.’”²¹⁵ Mindful of the limitations of any metaphor,²¹⁶ we can likewise conceptualize keyword banner advertising to the common practice of placing a store's own generic products next to branded products on the same shelf, or to one firm buying advertising space on the same page of a telephone yellow pages or theater program on which a competitor's advertisement appears. Many grocery stores use consumer purchases to trigger electronic coupons for competing brands at their checkout counters.²¹⁷ A store clerk who is asked by a consumer for the location of one brand may be told that a competing brand is currently on sale. Amazon.com and Barnesandnoble.com routinely customize the results of consumers requests for books by displaying lists of other suggested books similar to the titles searched.

In each of these instances, consumers may be attracted by the prospect of a better bargain to explore other available alternatives.

Group v. Quality King Distribs., Inc., 832 F.2d 1317 (2d Cir. 1987).

212. See 15 U.S.C. § 1125(c)(4)(A) (2000).

213. See Kaminer, *supra* note 156, at 59.

214. See Rajzer, *supra* note 181, at 463 (“Consumers are better served when similar products are placed in proximity so they can make the most informed decision possible.”).

215. *Playboy Enters., Inc., v. Netscape Communications Corp.*, 55 F. Supp. 2d 1070, 1075 (C.D. Cal. 1999).

216. “Metaphors in law are to be narrowly watched, for starting as devices to liberate thought, they end often by enslaving it.” *Berkey v. Third Ave. Ry. Co.*, 244 N.Y. 84, 94 (1926). Nevertheless, “[m]etaphor is a central modality of human thought without which we cannot even begin to understand the complex regularities of the products of the human mind.” Steven L. Winter, *A Clearing in the Forest: Law, Life, and Mind* 43 (2001).

217. See Kaminer, *supra* note 156, at 59-60.

Similarly, if consumers choose to click on a banner ad and visit a competitor's website, they are doing so not because they are perplexed, but because they are enticed by the availability of another option. Aside from the lack of consumer confusion, keyword banner advertising allows competitors to build brand awareness and to make a few more sales by triggering their ads to trademarked search terms. Trademark law, which has as one of its goals the protection of consumers and the promotion of fair competition,²¹⁸ should not be deployed to restrict information available to consumers when they conduct searches or to disallow consumers from making the most informed decisions when shopping online.

CONCLUSION

Aside from recent concerns surrounding search engine results,²¹⁹ trade in keyword searches is becoming a staple of online business models.²²⁰ Even so, trademark law challenges to keyword banner advertising continue to arise.²²¹ Whether it is manipulative or ingenious, however, most types of keyword banner advertising do not amount to trademark infringement or dilution.²²² The practice is neither legally abusive to competitors and consumers, nor a threat to

218. See Jessica Litman, *Breakfast with Batman: The Public Interest in the Advertising Age*, 108 Yale L. J. 1717, 1728-31 (1999); see also Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 Yale L.J. 1165 (1948).

219. For a comprehensive discussion of the issues arising from technical attempts to promote higher search engine result rankings, see James A. Rossi, *Protection for Trademark Owners: The Ultimate System of Regulating Search Engine Results*, 42 Santa Clara L. Rev. 295 (2002).

220. See John Borland, *Paid Content Comes to Kazaa*, CNET News.com, at <http://news.com.com/2102-1023-917348.html> (discussing how Kazaa, a popular peer-to-peer file-swapping network, will feature songs for sale by record labels and advertisements linked to keyword searches).

221. E.g., *Netbula, LLC v. Distinct Corp.*, No. C-02-1253 (N.D. Cal. filed Mar. 13, 2002). The plaintiff in this case has alleged that the defendant purchased its registered NETBULA and POWER RPC trademarks as keywords on the Google search engine and is using those marks in its website metatags. Specifically, Netbula argues that this conduct constitutes trademark infringement, false advertising, and interference with prospective economic advantage. See *id.*

222. A business ethics assessment of whether keyword banner advertising should be interpreted as unauthorized exploitation of a competitor's goodwill might begin with reference to article 10 of the International Chamber of Commerce International Code of Advertising Practice, which states,

Advertisements should not make unjustifiable use of the name, initials, logo and/or trademarks of another firm, company or institution nor should advertisements in any way take undue advantage of another firm, person or institution's goodwill in its name, trade name or other intellectual property, nor should advertisements take advantage of the goodwill earned by other advertising campaigns.

ICC International Code of Advertising Practice art. 10 (1997), available at http://www.iccwbo.org/home/statements_rules/rules/1997/advercod.asp. An analysis of this issue is, however, beyond the scope of this article.

the basic foundation of trademark protection.²²³ In a time of an increasingly expanding ambit of intellectual property rights protection,²²⁴ such a conclusion is necessary to fend off those who would use trademark law as another firewall against online competition.

Confusion remains the key to proving trademark infringement in this setting. Those who argue in favor of infringement liability presume that consumers are unsophisticated and not Internet savvy enough to expect that the banner advertiser is not affiliated with the trademark owner or that consumers know that most, if not all, of the ads are not sponsored by the trademark owner.²²⁵ Banner ads are usually clearly labeled so as to identify their source. Where a banner ad is so designed as to be ambiguous or deceptive as to the true source, there may indeed be confusion related to the trademark used as a search term and therefore a basis of liability for infringement.²²⁶ However, such instances may be better remedied by the laws regulating false or misleading advertising.²²⁷ Keyword banner advertising does not confuse consumers as to source because consumers expect that the ads are not commercially connected to the trademark that they have entered as a search term in the search engine.²²⁸

Likewise, keyword banner advertising does not weaken or taint a famous mark that the consumer has already selected as the object of his or her search. Dilution by blurring is improbable because banner ads do not interfere with the search results to the extent that consumers will associate the advertising with the trademark.²²⁹ Dilution by tarnishment is unlikely, except in limited circumstances where the ads lead a consumer to associate the entry of a particular trademark as a search engine keyword with the triggering of banner advertising that demeans the trademark or is otherwise offensive or

223. But see Michael Wu, Comment, *Playboy Enterprises, Inc. v. Netscape Communications Corp. and Excite, Inc.: The Impact of Banner Ad Keying on the Development of E-commerce*, 2 Minn. Intell. Prop. Rev. 161 (2001), available at <http://mipr.umn.edu/archive/pdf/wu.pdf> (asserting that keyword advertisers "misappropriate [competitor's] goodwill through their abusive use of banner ads" and that the "purpose behind the trademark laws is effectively undermined").

224. See Roemer, *supra* note 136 (remarking that the *Playboy v. Netscape* decision is out of step with the current pro-intellectual property trend).

225. See *supra* notes 173-74 and accompanying text.

226. See *supra* notes 168-69 and accompanying text.

227. See 15 U.S.C. § 1125 (2000) (providing a remedy for false advertising against anyone who misrepresents "the nature, characteristics, qualities or geographic origin of his or her . . . goods, services or commercial activities"). The plaintiff must demonstrate that the statement is false, material, and has a tendency to deceive the public. See, e.g., *Coca-Cola Co. v. Tropicana Prods.*, 690 F.2d 312 (2d Cir. 1982); *Black Hills Jewelry Mfg. Co. v. Gold Rush, Inc.*, 633 F.2d 746 (8th Cir. 1980).

228. See *supra* notes 180-82 and accompanying text.

229. See *supra* notes 197-98 and accompanying text.

profane.²³⁰ Here again, such advertising may be more properly remedied by the laws of commercial disparagement and false advertising.²³¹

To the extent that keyword banner advertising implicates a competitor's trademark rights, the practice should be recognized and permitted as fair use or comparative advertising. The social utility of comparative advertising is well established: "Comparative advertising, when truthful and nondeceptive, is a source of important information to consumers and assists them in making rational purchase decisions. Comparative advertising encourages product improvement and innovation, and can lead to lower prices in the marketplace."²³²

There is a longstanding right to enter markets and compete fairly.²³³ The practical effect of treating trademark-triggered keyword banner ads as infringement or dilution is costly and anticompetitive.²³⁴ Every banner ad transaction would need to be reviewed by lawyers to determine if the ad would infringe upon or dilute another's trademark, even if the search term was also for a generic term such as "apple" or "united."²³⁵ Keyword banner advertising does not confuse

230. See *supra* note 200 and accompanying text.

231. See 15 U.S.C. § 1125(a)(1)(A) (providing a federal unfair competition remedy against anyone who misrepresents "the nature, characteristics, qualities or geographic origin of . . . another person's goods, services, or commercial activities"). This remedy addresses falsehoods concerning the goods or services offered for sale by a competitor. See, e.g., *Gilliam v. Am. Broad. Cos.*, 538 F.2d 14 (2d Cir. 1976); *Girl Scouts of the United States v. Personality Posters Mfg. Co.*, 304 F. Supp. 1228 (S.D.N.Y. 1969). At common law, commercial disparagement involves proof that the defendant made false and offending statements about the plaintiff's goods or services that resulted in special damages. See *System Operations, Inc. v. Scientific Games Dev. Corp.*, 555 F.2d 1131 (3d Cir. 1977).

232. 16 C.F.R. § 14.15(c) (2001).

233. See Restatement (Third) of Unfair Competition § 1 (1995).

234. Some commentators have suggested that if trademark owners wish to prevent competitors from using their marks, they can purchase the right to their trademarks as keywords, preventing others from triggering advertising with the mark. Miller & Maharaj, *supra* note 8 at A34. Indeed, trademark owners may find it valuable to use their own trademarks to trigger banner ads since they can show ads for special offers or advertise other products also made by the same company. However, several search engines do not even sell a trademark to anyone other than the owner of the mark. Frauenfelder, *supra* note 14 (noting that Hotbot, a search engine, will not sell keywords to companies that compete with the trademark holder). Miller & Maharaj, *supra* note 8, at A34 (quoting a Yahoo spokesperson who said that they would not sell a company's trademark to competitors because "it would be bad for business"). Some search engines even offer to sell the keyword first to the trademark owner so that the owner may use it to display its own ads; Miller & Maharaj, *supra* note 8. For example, the search engine Lycos states in its advertising policy that "[e]ach advertiser may be given a 'first right' to its exact company name and trademarks for keyword/phrase advertising." Lycos Network Advertising Terms and Conditions, available at <http://www.lycos.com/lycosinc.advtterms.html>.

235. See Cameron Graham & Ann Imes, *Playboy Trademark Lawsuit Fails—Internet Search Engines May Continue Current Business Model*, 2000 B.C. Intell. Prop. & Tech. F. 102501, available at http://infoeagle.bc.edu/bc_org/avp/law/st_org/iptf/

consumers and does not abate or denigrate famous marks; rather, it offers them more choices based on the keywords used and this ultimately encourages competition in the electronic marketplace.

resources/index.html (asserting that the imposition of liability would lead “to more intrusive lawyering on the Internet”); Sullivan, *supra* note 187 (noting that such a result in *Playboy v. Netscape* “would have put a huge burden on search engines”).

Notes & Observations